

the citizen requires the reception of bank paper.

To say that the refusal of paper money by the Government, introduces an unjust discrimination between the currency received by it, and that used by individuals in their ordinary affairs, is, in my judgment, to view it in a very erroneous light. The Constitution prohibits the States from making any thing but gold and silver a tender in payment of debts, and thus secures to every citizen a right to demand payment in the legal currency. To provide by law that the Government will only receive its dues in gold and silver, is not to confer on it any peculiar privilege; but merely to place it on an equality with the citizen, by reserving to it a right secured to him by every Constitution. It is doubtless for this reason that from the time of the first Congress under the Constitution down to the last. Such precedents, never objected to and proceeding from such sources, afford a decisive answer to the imputation of inequality or injustice.

But, in fact, the measure is one of restriction, not of favor. To forbid the public agent to receive in payment any other than a certain kind of money, is to refuse him a discretion possessed by every citizen. It may be left to those who manage their own terms; but no such discretion should be given to him who acts merely as an agent of the people, who is to collect what the law requires, and to pay the appropriations it makes. When bank notes were redeemed on demand, there is then no discrimination in reality, for the individual who receives them may, at his option, substitute the specie for them; he takes them from convenience or choice. When they are not so redeemed, it will scarcely be contended that their receipt and payment, by a public officer, should be permitted, though none deny that right to an individual; if it were, the effect would be most injurious to the public, since their officer could make non of those arrangements to meet or guard against the depreciation, which an individual is at liberty to do. Nor can inconvenience to the community be alleged as an objection to such a regulation. Its object and motive are their convenience and welfare.

If, at a moment of simultaneous and unexpected suspension by the banks, it adds something to the many embarrassments of that proceeding, yet these are far overbalanced by its direct tendency to produce a wider circulation of gold and silver, to increase the safety of bank paper, to improve the general currency, and thus to prevent altogether such occurrences, and the other and far greater evils that attend them.

It may indeed be questioned whether it is not for the interest of the banks themselves that the Government should not receive their paper. They would be conducted with future caution and on sounder principles. By using specie only in its transactions the Government would create a demand for it which would to a great extent prevent its exportation, and, by keeping it in circulation, maintain in a broader and safer basis for the paper currency. That the banks would thus be rendered more sound, and the community more safe, cannot admit of a doubt.

The foregoing views, it seems to me, do but fairly carry out the provisions of the Federal Constitution in relation to the currency; as far as relates to the public revenue. At the time that instrument was framed, there were but three or four banks in the United States; and had the ex-

tention of the banking system, and the evils growing out of it, been foreseen, they would probably have been specially guarded against. The same policy which led to the prohibition of bills of credit by the States, would doubtless, in that event, have also interdicted their issue as a currency in any form. The Constitution, however, contains no such prohibition; and since the States have exercised, for nearly half a century, the power to regulate the business of banking, it is not to be expected that it will be abandoned. The whole matter is now under discussion before the proper tribunal—the people of the States. Never before has the public mind been so thoroughly awakened to a proper sense of its importance; never has the subject, in all its bearings, been submitted to so searching an inquiry. It would be distrustful of the intelligence and virtue of the people to doubt the speedy and efficient adoption of such measures of reform as the public good demands. All that can be done by the Federal Government to promote the accomplishment of that important object, will, without doubt, be performed.

In the mean time, it is our duty to provide all the remedies against a depreciated paper currency which the constitution enables us to afford. The Treasury Department, on several former occasions, has suggested the propriety and importance of a uniform law concerning bankruptcies, of corporations and other bankers. Through the instrumentality of such a law a salutary effect may doubtless be imposed on the issues of paper money and an effectual remedy given to the citizens it may at once equal in all parts of the Union and fully authorized by the Constitution.

The indulgence granted by executive authority in the payment of bonds for duties has been already mentioned. Seeing that the immediate enforcement of these obligations would subject a large and highly respectable portion of our citizens to great sacrifices and believing that a temporary postponement could be made without detriment to other interest and with increased certainty of ultimate payment I did not hesitate to comply with the request that was made of me. The terms allowed are to the full extent as liberal as any that are to be found in the practice of the Executive Department. It remains for Congress to decide whether a further postponement may not with propriety be allowed and if so their legislation upon the subject is respectfully invited.

The report of the Secretary of the Treasury will exhibit the condition of these debts; the extent and effect of the present indulgence; the probable result of its further extension on the state of the Treasury and every other fact necessary to a full consideration of the subject. Similar information is communicated in regard to such depositories of the public moneys as are indebted to the Government in order that Congress may also adopt the proper measures in regard to them.

The receipts and expenditures for the first half of the year and an estimate of those for the residue will be laid before you by the Secretary of the Treasury. In his report of December last it was estimated that the current receipts would fall short of the expenditures by about three millions of dollars. It will be seen that the difference will be much greater. This is attributed not only to the occurrence of greater pecuniary embarrassments in the business of the country than those which were then predicted and consequently a greater diminution in the revenue but also to

the fact that the appropriations exceeded by nearly six millions the amount which was asked for in the estimates then submitted. The sum necessary for the service of the year beyond the probable receipts and the amount which it was intended should be reserved in the Treasury at the commencement of the year will be about six millions. If the whole of reserved balance be not at once applied in the current expenditures but four millions be still kept in the Treasury as seem most expedient for the uses of the mint and to meet contingencies the sum needed will be ten millions.

In making this estimate the receipts are concluded on the supposition of some further extension of the indulgence granted in the payments of bonds for duties which will effect the amount of the revenue for the present year to the extent of two and a half millions.

It is not proposed to procure the required amount by loans or increased taxation. There are now in the Treasury nine millions three hundred and sixty seven thousand two hundred and fourteen dollars, directed by the act of the 23d of June, 1836, to be deposited with the State in October next. This sum, if so deposited will be subject under the law to be recalled if needed to defray existing appropriations; and as it is now evident that the whole or the principal part of it will be wanted for that purpose it appears most proper that the deposit should be withheld. Until the amount can be collected from the banks Treasury notes may be temporarily issued to be gradually redeemed as it is received.

I am aware that this course may be productive of inconvenience to many of the States. Relying upon the acts of Congress which held out to them the strong probability if not the certainty of receiving this installment they have in some instances adopted measures with which its retention may seriously interfere. That such a condition of things should have occurred is much to be regretted. It is not the least among the unfortunate results of the disasters of the times; and it is for Congress to devise a fit remedy if there be one. The money being indispensable to the wants of the Treasury, it is difficult to conceive upon what principal of justice or expediency its application to that object can be avoided. To recall any portions of the sums already deposited with the States would be more inconvenient and less efficient. To burden the country, with increased taxation, when there is in fact a large surplus revenue would be unjust and unwise; to raise moneys by loans under such circumstances and thus to commence a new national debt would scarcely be sanctioned by the American people.

The plan proposed will be adequate to all our fiscal operations during the remainder of the year. Should it be adopted the Treasury aided by the ample resources of the country will be able to discharge, punctually every pecuniary obligation. For the future all that is needed will be that caution and forbearance in appropriations which the diminution of the revenue requires, and which the complete accomplishment or great forwardness of many extensive national undertakings renders equally consistent with prudence and patriotic liberality.

The preceding suggestions and recommendations are submitted in the belief that their adoption by Congress will enable the Executive Department to conduct our fiscal concerns with success so far as their

management has been committed to it. Whilst the object and the means proposed to attain them are within its constitutional powers and appropriate duties they will at the same time be hoped by their necessary operation, afford essential aid in the transaction of individual concerns and thus yield relief to the people at large in a form adopted to the nature of our Government. Those who look to the action of this Government for specific aid to the citizen to relieve embarrassments arising from losses by revolutions in commerce and credit, loss of the ends for which it was created and the powers with which it is clothed. It was established to give security to us all, in our lawful and honorable pursuits under the lasting safeguard of republican institutions. It was not intended to confer special favors on individuals, or on any classes of them; to create systems of agriculture manufactures, or trade; or to engage in them, either separately or in connection with individual citizens or organized associations. If its operations were to be directed for the benefit of any one class, equivalent favors must, in justice be extended to the rest; and the attempt to bestow such favors with an equal hand, or even to select those who should most deserve them, would never be successful. All communities are apt to look to Government for too much. Even in our own country, where its powers and duties are so strictly limited we are prone to do so, especially in periods of sudden embarrassment and distress. But this ought not to be. The framers of our excellent Constitution and the people who approved it with calm and sagacious deliberation acted at the time on a sounder principle. They wisely judged that the less Government interferes with private pursuits, the better for the general prosperity. It is not its legitimate object to make men rich or to repair by direct grants of money or legislation in favor of particular pursuits losses but incurred in the public services. This would be substantially to use the property of some for the benefit of others. But its real duty—that duty the performance of which makes a good Government the most precious of human blessings—is to enact and enforce a system of general laws commensurate with but not exceeding the objects of its establishment and to leave every citizen and every interest to reap under its benign protection the rewards of virtue industry and prudence.

I cannot doubt that on this as on all similar occasions the Federal Government will find its agency most conducive to the security and happiness of the people when limited to the exercise of its conceded powers. In never assuming even for a well meant object such powers as were not designed to be conferred upon it we shall in reality do most for the general welfare. To avoid every unnecessary interference with the pursuits of the citizen, will result in more benefit than to adopt measures which could only assist limited interests and are eagerly but perhaps naturally sought for, under the pressure of temporary circumstances. I therefore I refrain from suggesting to Congress any specific plan for regulating the exchanges of the country; relieving mercantile embarrassments; or interfering with the ordinary operations of foreign or domestic commerce it is from a conviction that such measures are not within the constitutional province of the General Government and that their adoption would not promote the real and permanent welfare of those they might be designed to aid!